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SUBJECT: MEDIA REACTION ON DEBT FORGIVENESS, JULY 21, 2005

1. On 07/21 the Tegucigalpa-based liberal daily "La Tribuna" published an editorial entitled "Beginning When?" "Because some government people are taking all the credit for debt forgiveness and also have an attitude that denies past governments' recognition on the matter and blaming it for 'breaking an agreement with the IMF and that this actual government has to redo it,' it is necessary to give them [actual government] examples if they ignore, forget and even in bad faith express what they are saying."

"The rumors that the former government ended with a broken agreement with IMF are completely false."

"The IMF agreement was current for another additional year, during the last months of the last administration and was extended for another 10 months during the current government."

"It is a blessing to receive a current agreement for another 10 months in the new government but, if the current government had negotiated a new agreement with IMF while it was still in effect, there would have been more benefits. If so, the country would have reached the 'culmination point' in the first year and instead now."

"The relief was given to the countries included in HIPC but, despite the fact that some people from the actual government are uncomfortable with recognizing it, it was during the past government that the country was categorized as HIPC. We must mention Cardinal Rodriguez' valuable negotiation, a man who has become an icon of debt forgiveness for the poor countries of the world."

2. The San Pedro Sula-based liberal daily "Tiempo" carried an op-ed by Ovidio Cubias, from New Orleans, entitled "Priorities in the Fight against Poverty." "Government officials in Honduras are very enthusiastic about the debt relief of hundreds of millions of dollars granted by the G-18. According to officials, we will finally cease to be one of the poorest countries in the world. The debt relief is only a small help from the international financial institutions and expectations are higher than what can realistically be done with the economy. However, the government can take advantage of this opportunity to combat the cancer of corruption, discontinue the policies that create indebtedness and set goals to start up development in the country."

"Inequality continues to be alarming in the majority of countries in the region, with regards to education as well as income distribution."

"This situation would change if the funds resulting from the debt relief of over half our foreign debt were to be applied to poverty reduction strategies. Using these funds in other ways not related to the priorities of poverty reduction would worsen the levels of indigence in Honduran society. Government officials must realize that defeating poverty is an ethical challenge and that there must be political will to reach this goal."

"To support poverty reduction and food security in the long run, it is necessary above all to apply a sustainable model that produces growth and development in countries like ours where 70% of the poor live in rural areas and agriculture is the principal source of food, jobs and income. Development of this sector of the population is imperative for the success of any national strategy aimed at the reduction of poverty and increased access to food."

Tuebner